

THIS INSTRUMENT AND ANY SECURITIES ISSUABLE PURSUANT HERETO HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM.

BUMMOCK AI INC.

FIXED PERCENTAGE CONVERTIBLE EQUITY AGREEMENT

THIS FIXED PERCENTAGE CONVERTIBLE EQUITY AGREEMENT (the "**Agreement**") is made as of _____ by and between **BUMMOCK AI INC.**, a Delaware corporation (the "**Company**"), and **TECHSTARS ACCELERATOR INVESTMENTS 2021 LLC**, a Delaware limited liability company (the "**Purchaser**"). Additional terms and conditions related to this Agreement are set forth in **EXHIBIT A** and **EXHIBIT B**, which are incorporated by reference.

Purchaser's percent ownership calculated on a Fully Diluted Basis (as defined in **EXHIBIT A** to this Agreement) in the Company: six percent (6%) (the "**Purchaser Percentage**")

Total Purchase Price: \$20,000 (the "**Techstars Program Award**")

Qualified Financing Threshold: \$250,000 (the "**Qualified Financing Threshold**")

"**Founder(s)**" means: Marjan Tabari

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, including the terms and conditions set forth in **EXHIBIT A** and **EXHIBIT B**, as of the day and year first above written.

**TECHSTARS ACCELERATOR INVESTMENTS
2021 LLC**

By: Techstars Accelerator GP 2021, LLC, its
Manager

BUMMOCK AI INC.

By: _____

Name: Jason Seats

Title: Chief Investment Officer

Address: 4845 Pearl East Cir Ste 118 PMB
99696
Boulder, CO 80301

Email: legal@techstars.com

By:  _____

Name: Marjan Tabari

Title: CEO

Address: 5 Walpole St # 486
Dover, Massachusetts 02030

Email: marjan@bummock.ai

EXHIBIT A

TERMS AND AGREEMENTS

These terms and agreements comprise a part of, and are incorporated by reference into, the Fixed Percentage Convertible Equity Agreement (the “Agreement”) to which they are attached as EXHIBIT A. Capitalized terms used but not defined herein shall have the respective meanings assigned thereto in the cover page to this Agreement.

1. Definitions.

(a) “*Affiliate*” means any Person who directly or indirectly, controls, is controlled by, or is under common control with the Purchaser, including, without limitation, any general partner, managing member, officer or director of the Purchaser, or any venture capital fund now or hereafter existing which is controlled by one or more general partners, managers, or managing members of, or shares the same management company with, the Purchaser.

(b) “*Change of Control*” means (i) any reorganization, merger or consolidation of the Company, other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Company or such other surviving or resulting entity or (ii) a sale, lease or other disposition of all or substantially all of the assets of the Company.

(c) “*Common Stock*” means the equity shares of the Company designated as common stock, ordinary shares or the equivalent depending on the Company’s country of incorporation, where such shares are of the equivalent class of equity securities issued to the Founders.

(d) “*Demand Notice*” means a notice from the Purchaser delivered to the Company any time after the execution and delivery of this Agreement requesting that the Shares be immediately issued.

(e) “*Dissolution Event*” means (i) a voluntary termination of operations, (ii) a general assignment for the benefit of the Company’s creditors or (iii) any other liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

(f) “*Fully Diluted Basis*” means (i) the total number of outstanding shares of the Company’s common stock, including the Shares issued under this Agreement, plus (ii) the total number of shares of the Company’s common stock issuable, directly or indirectly, upon conversion of all outstanding preferred stock and upon the exercise of all outstanding options, warrants, phantom stock, stock appreciation rights, and other rights to acquire capital stock of the Company plus (iii) the total number of shares of the Company’s capital stock (calculated on an as-converted to common stock basis) reserved and available for future grant under any equity incentive or similar plan of the Company, including any equity incentive or similar plan to be created or increased in connection with the Qualified Financing on a pre-money basis, but excluding (iv) any other convertible promissory notes or any other convertible instruments issued for capital raising purposes (e.g., Simple Agreements for Future Equity), in each case whether currently outstanding or issued hereafter. For the avoidance of doubt, the Shares issued or issuable hereunder shall be included in the total number of outstanding shares of the Company on a Fully Diluted Basis.

(g) “*Initial Public Offering*” means the closing of the Company’s first initial public offering of Common Stock on a public stock exchange.

(h) “*Liquidity Event*” means a Change of Control or an Initial Public Offering.

(i) “**Network**” means a trustless infrastructure protocol that will be developed and deployed by, or on behalf of, the Company or Nominated Entity.

(j) “**Network Launch**” means the date on which the Tokens are available for transfer for use on the Network for their intended purpose.

(k) “**Nominated Entity**” means one or more Persons that may be nominated by the Company to operate or lead a Network Launch.

(l) “**Person**” means any individual, corporation, partnership, trust, limited liability company, association or other entity.

(m) “**Qualified Financing**” means a bona fide arms-length equity financing for the principal purpose of raising capital, pursuant to which the Company issues and sells shares in the capital of the Company to investors that are not related to the Founders, at a fixed pre-money valuation resulting in gross proceeds to the Company of at least the Qualified Financing Threshold (excluding the conversion of this Agreement, or other convertible instruments issued for capital raising purposes (e.g. Convertible Notes, Simple Agreements for Future Equity, or Simple Agreements for Future Tokens)). A Qualified Financing must be a single transaction but may be executed in multiple closings as authorized by the Company’s Board of Directors, provided that the type of security and the price paid per share is consistent across the closings.

(n) “**Shares**” means the shares of Common Stock issued to the Purchaser pursuant to this Agreement.

(o) “**Token**” means any network cryptocurrency, decentralized application tokens or digital assets, protocol tokens, blockchain-based assets or other cryptofinance coins, tokens, or similar digital assets.

(p) “**Token Percentage**” means 6% of the Token Reservation. For example, if the number of Tokens resulting from a Network Launch is 20,000,000, and the Token Reservation is or will be 10% of those Tokens, then Purchaser will be issued 6% of the Tokens held by or reserved to the Token Reservation, or 120,000 Tokens.

(q) “**Token Reservation**” means the Tokens, with identical rights and restrictions, as those allocated or reserved for the Company, the Founders, the security holders, directors, officers, employees, consultants, and advisors of the Company, and any equity incentive or similar plan of the Company adopted on or after a Network Launch.

2. Issuance of Common Stock; Dividend Rights.

(a) **Common Stock.** As of immediately prior to the earliest to occur of (i) a Qualified Financing, (ii) a Liquidity Event, (iii) a Dissolution Event, or (iv) fifteen (15) business days after the receipt of a Demand Notice, the Company shall, without any further action on the part of the Purchaser, issue to Purchaser a number of duly authorized, validly issued, fully paid, nonassessable and whole shares (with any fractional share being rounded up to the nearest whole number) of the Company’s Common Stock equal to the Purchaser Percentage calculated on a Fully Diluted Basis. As soon as practicable after the issuance of the Shares pursuant this Section 2(a) (the “**Closing**”), the Company shall, without charge to Purchaser, cause to be issued in the name of, and delivered to, Purchaser a certificate or certificates for the Shares. The Company hereby covenants and agrees to take all such action as is necessary to issue the Shares pursuant to the terms of this Agreement.

(b) **Voting and Dividends.** Purchaser is not entitled, as a holder of this instrument, to vote for the election of directors of the Company or upon any matter submitted to Company shareholders, or to give or withhold consent to any corporate action or to receive notice of meetings until the Shares have been issued upon the terms described herein; provided that Purchaser shall be entitled to receive the Purchaser Percentage of any cash dividend or other cash distribution declared on the outstanding capital stock of the Company prior to the issuance of the Shares.

3. Digital Assets.

(a) **Network Launch.** If the Company or a Nominated Entity proposes to do a Network Launch, it shall give the Purchaser not less than three months' written notice of its intentions via electronic mail to the email address provided on the signature page hereto, describing the Tokens and the terms and conditions upon which the Company or Nominated Entity proposes to do the Network Launch. Upon the occurrence of a Network Launch, the Purchaser will have the right (but not the obligation) to receive the Token Percentage from the Company or the Nominated Entity, or to receive a return of its Total Purchase Price.

(b) **Lock-Up Period.** In the event the Purchaser elects to exercise its right to receive its Token Percentage pursuant to Section 3(a), during the 18 months immediately following the Network Launch (or such shorter period as the Founders are bound) the Company or the Nominated Entity will retain programmatic control of any of the Purchaser's Token Percentage obtained pursuant to Section 3(a) (the "**Lock-up Period**"). For the duration of the Lock-up Period, the Company or the Nominated Entity will exercise the standard of care over its custody of the Purchaser's Token Percentage that it exercises over the Company's own assets, including any of its Tokens. After the conclusion of the Lock-up Period, in connection with the Network Launch contemplated by Section 3(a), the Purchaser will provide to the Company or to the Nominated Entity, as applicable, a network address and other information necessary to facilitate the transfer of the Purchaser's Token Percentage from the Company or the Nominated Entity to the Purchaser and any and all other commercially reasonable requested documents, or request that the Company or the Nominated Entity continue to hold such Token Percentage on behalf of the Purchaser under a mutually agreed form of custody agreement until the Purchaser notifies the Company or the Nominated Entity otherwise.

(c) **Risk of Loss.** The Company will bear all risk of loss or damage to the Tokens until the Company's delivery of the Tokens to the network address contemplated by Section 3(b), provided, however, if Purchaser fails to receive any of the Tokens at such network address because Purchaser provided the Company with a network address that is non-existent or does not belong to the Purchaser then the Tokens shall nevertheless be deemed to have been delivered by the Company to the Purchaser.

(d) **Terms and Conditions.** The issuance of Tokens pursuant to Section 3(a) shall be upon and subject to the same terms and conditions applicable to Tokens sold in connection with the Network Launch. At the option of the Purchaser, the Purchaser will receive all of the benefits afforded to other purchasers acquiring the same number of Tokens in a Network Launch.

(e) **Survival.** This Section (3) of the Agreement shall survive the execution and delivery of this Agreement and the Closing.

4. Restrictive Legends. To the extent the Company is subject to the Securities Act, all certificates representing the Shares shall have endorsed thereon legends in substantially the following forms (in addition to any other legend which may be required by other agreements between the parties hereto):

(a) "THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THE SECURITIES UNDER SAID ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.";

(b) Any legend required by applicable state securities and "blue sky" laws and regulations or the Company's bylaws.

5. Company Representations. Except as set forth on a schedule of exceptions delivered by the Company to Purchaser, the Company hereby represents and warrants to Purchaser, as of the date hereof, as follows:

(a) **Organization, Good Standing and Qualification.** The Company is a corporation duly organized, validly existing and in good standing under the laws of the state of incorporation as set forth on the cover page of this Agreement. The Company has all requisite corporate power and authority to own and operate

its properties and assets, to carry on its business as presently conducted and as proposed to be conducted, to execute and deliver this Agreement, and to carry out the provisions of this Agreement and the Company's certificate or articles of incorporation, as may have been amended ("**Charter**"). The Company is duly qualified to do business and is in good standing as a foreign corporation in all jurisdictions in which the nature of its activities and of its properties (both owned and leased) makes such qualification necessary, except for those jurisdictions in which failure to do so would not have a material adverse effect on the Company or its business.

(b) Capitalization; Voting Rights.

(i) **EXHIBIT B** constitutes a correct and complete list of all ownership interests of the Company and rights to acquire ownership interests. Other than as set forth on **EXHIBIT B** and except as may be granted pursuant to this Agreement, there are no outstanding options, warrants, rights (including conversion or preemptive rights, anti-dilution protection and rights of first refusal), proxy or stockholder agreements, or agreements of any kind for the purchase or acquisition from the Company of any of its securities. The Company has not made any representations regarding equity incentives to any officer, employee, director or consultant that are inconsistent with the share amounts and terms set forth on **EXHIBIT B**.

(ii) All issued and outstanding shares of the Company's stock (a) have been duly authorized and validly issued to the persons listed on **EXHIBIT B** hereto and are fully paid and nonassessable and (b) were issued in compliance with all applicable state and federal laws concerning the issuance of securities.

(iii) The rights, preferences, privileges and restrictions of the Shares are as stated in the Charter. Each outstanding series and class of preferred stock, if applicable, is convertible into common stock on a one-for-one basis as of the date hereof and the consummation of the transactions contemplated hereunder will not result in any anti-dilution adjustment or other similar adjustment to the outstanding shares of preferred stock, if applicable. When issued in compliance with the provisions of this Agreement and the Charter, the Shares will be validly issued, fully paid and nonassessable, and will be free of any liens or encumbrances other than (i) liens and encumbrances created by or imposed upon Purchaser and (ii) any restriction on transfer or right of first refusal set forth in the Company's bylaws; provided, however, that the Shares may be subject to restrictions on transfer under state and/or federal securities laws as set forth herein or as otherwise required by such laws at the time a transfer is proposed. The sale of the Shares is not and will not be subject to any preemptive rights or rights of first refusal that have not been properly waived or complied with.

(c) Authorization; Binding Obligations. All corporate action on the part of the Company, its officers, directors and stockholders necessary for the authorization of this Agreement, the performance of all obligations of the Company hereunder and thereunder and the authorization, sale, issuance and delivery of the Shares and of any Tokens (defined above) pursuant hereto has or will be taken to effect the terms of this Agreement. Upon its execution and delivery, this Agreement will be a valid and binding obligation of Company, enforceable in accordance with its terms.

(d) Subsidiaries. A complete and accurate list of each of the Company's subsidiaries, if any, has been provided to Purchaser. Each Company subsidiary is duly organized, validly existing, in good standing under the laws of its jurisdiction of organization and wholly-owned by the Company. The Company is not a participant in any joint venture, partnership, or similar arrangement.

(e) Foreign Corrupt Practices Act; Prohibited Investment; and Anti-Money Laundering Laws. Neither the Company nor, to the Company's knowledge, any of the Company's directors, officers, employees or agents have, directly or indirectly, offered to pay, paid, promised to pay, or authorized the payment of money or anything of value to a foreign official in order to influence any act or decision of a foreign official in his or her official capacity or to secure any other improper advantage in order to obtain or retain business, in a manner likely to be deemed a violation of the provisions of the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "**FCPA**"). Neither the Company nor, to the Company's knowledge, any of its officers, directors or employees are the subject of any allegation, voluntary disclosure, investigation, prosecution or other enforcement action related to the FCPA or any other anti-corruption law. To its knowledge, the Company is not a party to any agreement, understanding, instrument, contract or proposed transaction with any Person that is (i) on the U.S. Department of

Treasury Office of Foreign Assets Control's ("**OFAC**") Specially Designated Nationals ("**SDN**") List or (ii) owned or controlled by, or acting on behalf of, a person or entity that is on OFAC's SDN List or otherwise the target of economic sanctions administered by OFAC, or organized in a foreign jurisdiction against which the relevant governmental authority maintains a trade embargo, economic sanction or other similar prohibition pursuant to which dealing with such person or entity is prohibited, in each case, to the extent prohibited by applicable law. The Company is and will remain in compliance with all applicable anti-money laundering and counter-terrorism statutes, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any applicable governmental agency (collectively, "**Anti-Money Laundering Laws**"), and no action, suit, proceeding, investigation or enforcement by or before any court or governmental agency, authority or body or any arbitrator involving the Company with respect to the Anti-Money Laundering Laws is pending, or to the Company's knowledge, threatened.

(f) **Governmental Consents.** All consents, approvals, orders or authorizations of, or registrations, qualifications, designations, declarations or filings with, any governmental authority required on the part of the Company in connection with the entry into this Agreement has been obtained.

(g) **Compliance with Laws.** The Company is not in violation of any applicable law, statute, rule, regulation, order or restriction of any domestic or foreign government or any instrumentality or agency thereof in respect of the conduct of its business or the ownership of its properties, which violation of which would materially and adversely affect the business, assets, liabilities, financial condition, operations or prospects of the Company.

(h) **Compliance with Other Instruments.** The Company is not in violation or default of any term of its Charter or bylaws, or of any provision of any mortgage, indenture or contract to which it is a party and by which it is bound or of any judgment, decree, order or writ, other than such violation(s) that would not individually or in the aggregate have a material adverse effect on the Company. The execution, delivery and performance of this Agreement will not result in any such violation or be in conflict with, or constitute, with or without the passage of time and/or giving of notice, either a default under any such provision, instrument, judgment, decree, order or writ or an event that results in the creation of any lien, charge or encumbrance upon any assets of the Company or the suspension, revocation, impairment, forfeiture, or nonrenewal of any material permit, license, authorization or approval applicable to the Company, its business or operations or any of its assets or properties. Without limiting the foregoing, the Company has obtained all waivers necessary with respect to any preemptive rights, rights of first refusal or similar rights, including any notice or offering periods provided for as part of any such rights, in order for the Company to consummate the transactions contemplated hereunder without any third party obtaining any rights to cause the Company to offer or issue any securities of the Company as a result of the consummation of the transactions contemplated hereunder.

(i) **Liabilities.** The Company has no material liabilities and, to the best of its knowledge no material contingent liabilities that have not been disclosed to the Purchaser, except current liabilities incurred in the ordinary course of business which have not been, either in any individual case or in the aggregate, materially adverse.

(j) **No "Bad Actor" Disqualification.** The Company has exercised reasonable care to determine whether any Company Covered Person (as defined below) is subject to any of the "bad actor" disqualifications described in Securities Act Rule 506(d)(1)(i) through (viii), as modified by Rules 506(d)(2) and (d)(3) (each a "**Disqualification Event**"). To the Company's knowledge, no Company Covered Person is subject to a Disqualification Event. The Company has complied, to the extent required, with any disclosure obligations under Securities Act Rule 506(e). For purposes of this Agreement, a "**Company Covered Person**" is a person specified in Securities Act Rule 506(d)(1); provided, however, that Company Covered Persons do not include (a) the Purchaser, or (b) any person or entity that is deemed to be an affiliated issuer of the Company solely as a result of the relationship between the Company and the Purchaser.

(k) **Offering.** Assuming the accuracy of the representations and warranties of the Purchaser contained in Section 6 below, the offer, issue, and sale of Shares and of the Tokens are and will be exempt from the registration and prospectus delivery requirements of the Securities Act and have been registered or qualified

(or are exempt from registration and qualification) under the registration, permit or qualification requirements of all applicable state securities laws.

(l) **Use of Proceeds.** The Company shall use the proceeds of this Agreement solely for the operations of its business, and not for any personal, family or household purpose.

(m) **Intellectual Property.** Neither the Company nor any of the Founders has received any communications alleging that the Company has violated or, by conducting its business as presently proposed, would violate any of the patents, trademarks, trade secrets or other proprietary rights of any other person or entity. The Company owns or possesses, or believes it can acquire on reasonable commercial terms, sufficient legal rights to any intellectual property including patents, trademarks, licenses, information and other proprietary rights necessary for its business as now conducted and as presently proposed to be conducted, without any known infringement of the rights of others. Each Founder and all other employees of the Company have executed a Confidential Information and Invention Assignment Agreement or similar agreement ("**CIIA**") in substantially the form provided by the Company to Purchaser. No Founder or Company employee has excluded works or inventions from its assignment of inventions that are necessary for the Company to carry on its business as now conducted and as presently proposed to be conducted. To the knowledge of the Company, no Founder or other Company employee is in violation of such CIIA or any prior employment contract or other agreement with any other corporation or third party.

(n) **Litigation.** There is no legal suit, proceeding or any other investigation pending or, to the knowledge of the Company, currently threatened against the Company.

(o) **Full Disclosure.** To the Company's knowledge, there are no facts which (individually or in the aggregate) materially adversely affect the business, assets, liabilities, financial condition, prospects, or operations of the Company that have not been disclosed in writing to the Purchaser.

6. Purchaser Representations. In connection with the execution of this Agreement, Purchaser hereby represents to the Company the following:

(a) **Requisite Power and Authority.** Purchaser has all necessary power and authority to execute and deliver this Agreement and to carry out its provisions. All action on Purchaser's part required for the lawful execution and delivery of this Agreement has been taken. Upon its execution and delivery, this Agreement will be a valid and binding obligation of Purchaser, enforceable in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights and (ii) as limited by general principles of equity that restrict the availability of equitable remedies.

(b) **Investment Representations.** To the extent the issuance of Shares is subject to the Securities Act, Purchaser understands that the Shares have not been registered under the Securities Act by reason of a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Purchaser's investment intent as expressed herein. Purchaser also understands that the Shares are being offered and sold pursuant to an exemption from registration contained in the Securities Act based in part upon Purchaser's representations contained in this Agreement. Purchaser has substantial experience in evaluating and investing in private placement transactions of securities in companies similar to the Company so that it is capable of evaluating the merits and risks of its investment in the Company and has the capacity to protect its own interests, is able to incur a complete loss of such investment without impairing the Purchaser's financial condition and is able to bear the economic risk of such investment for an indefinite period of time. Purchaser is acquiring the Shares for Purchaser's own account for investment only, and not with a view towards their distribution. Purchaser represents that it is an accredited investor within the meaning of Regulation D under the Securities Act. **Purchaser hereby further acknowledges that Purchaser may be required to hold the Shares purchased hereunder indefinitely. During the period of time during which Purchaser holds the Shares, the value of the Shares may increase or decrease, and any risk associated with such Shares and such fluctuation in value shall be borne by Purchaser.**

7. Market Stand-Off Agreement. Purchaser hereby agrees that it shall not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any Shares (or other securities) of the Company held by Purchaser (the “**Restricted Securities**”), during the 180-day period following the effective date of the Company’s Initial Public Offering pursuant to a registration statement filed under the Securities Act (or such longer period as the underwriters or the Company shall request in order to facilitate compliance with FINRA Rule 2241). Purchaser agrees to execute and deliver such other agreements as may be reasonably requested by the Company and/or the managing underwriters which are consistent with the foregoing or which are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to Purchaser’s Restricted Securities until the end of such period. The underwriters of the Company’s stock are intended third party beneficiaries of this Section 7 and shall have the right, power, and authority to enforce the provisions hereof as though they were a party hereto.

8. Miscellaneous.

(a) Notices and Language. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed email to the address provided in the signature pages hereto, if sent during normal business hours of the recipient, and if not during normal business hours of the recipient, then on the next business day, (iii) five (5) calendar days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the other party hereto at such party’s address hereinafter set forth on the signature page hereof, or at such other address as such party may designate by ten (10) days advance written notice to the other party hereto. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to or in connection with this Agreement or pursuant to statutory law, in particular any invitations to shareholders’ meetings of the Company or any other documents in connection with any procedure for an adoption of shareholders’ resolutions as well as any agreement to which the Purchaser shall be a party or to the conclusion of which the consent of the Purchaser is required or requested by the Company, shall be in English language or, if in any other language, accompanied by an English translation. The Company shall bear the costs of such translation.

(b) Tax Treatment. The Company and Purchaser acknowledge and agree that, notwithstanding that this Agreement is titled as a “Fixed Percentage Convertible Equity Agreement,” for United States federal and applicable state income tax purposes Purchaser’s rights to the Purchaser Percentage pursuant to the terms of this Agreement is, and at all times has been, more properly characterized as equity. Therefore, the Company and Purchaser agree, from the date this Agreement is fully executed by the Company and Purchaser, to treat Purchaser’s rights to the Purchaser Percentage as (i) equity for U.S. federal and applicable state and local income tax purposes, and (ii) more particularly as common stock for purposes of Sections 304, 305, 306, 354, 368, 1036 and 1202 of the Internal Revenue Code of 1986, as amended (the “**Code**”). Accordingly, the Company and Purchaser agree to treat this Agreement consistent with the foregoing intent for all United States federal and applicable state income tax purposes (including, without limitation, on their respective tax returns or other informational statements) and neither the Company nor Purchaser shall take any position to the contrary in the course of any tax audit, tax return filing, tax review or tax litigation, except as may otherwise be required pursuant to a final determination within the meaning of Section 1313(a) of the Internal Revenue Code of 1986, as amended.

(c) Participation in Program. This Agreement shall not be deemed to create any obligation on the part of Purchaser to continue the Company’s participation in the Techstars accelerator program to which Company has been selected (the “**Techstars Program**”). Purchaser may, in its discretion, terminate the participation of the Company in the Techstars Program at any time prior to the end of such program. In the event that Purchaser so elects to terminate the Company’s participation in the Techstars Program, the Company shall return all amounts paid to Company by Purchaser, and Purchaser shall present for cancellation the certificates representing the Shares and any other equity interest in the Company held by Purchaser.

(d) **Successors and Assigns.** Neither this instrument nor the rights contained herein may be assigned, by operation of law or otherwise, by either party without the prior written consent of the other; *provided, however*, that this instrument and/or the rights contained herein may be assigned without the Company's consent by the Purchaser to an Affiliate. This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer herein set forth, be binding upon Purchaser and Purchaser's successors and assigns.

(e) **Governing Law; Jurisdiction.** This Agreement and all attachments shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of law. The parties agree that any action brought by either party to interpret or enforce any provision of this Agreement shall be brought in, and each party agrees to, and does hereby, submit to the jurisdiction and venue of the State of Delaware.

(f) **Attorneys' Fees.** In the event that any suit or action is instituted under or in relation to this Agreement or its attachments, including without limitation to enforce any provision in this Agreement, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement, including without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

(g) **Further Execution.** The parties agree to take all such further action(s) as may reasonably be necessary to carry out and consummate this Agreement as soon as practicable, and to take whatever steps may be necessary to obtain any governmental approval in connection with or otherwise qualify the issuance of the securities that are the subject of this Agreement.

(h) **Entire Agreement; Amendment.** This Agreement, together with the Investment Letter Agreement, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes and merges all prior agreements or understandings, whether written or oral. This Agreement may not be amended, modified or revoked, in whole or in part, except by an agreement in writing signed by each of the parties hereto.

(i) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms.

(j) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. This Agreement may also be executed and delivered by facsimile signature, PDF or any electronic signature complying with the U.S. Federal ESIGN Act of 2000 (e.g., www.docusign.com).

[remainder of this page left intentionally blank]

EXHIBIT B

CAPITALIZATION TABLE

	A	B	C	D	E	F	G	H
1	Bummock AI Inc.					Today's Date:		8/7/23
2						Techstars Ownership %		6.0%
3								
4	Investor/Equity Holder	Common Stock	Preferred Stock	Options	Warrants	Pre-Techstars Total	Pre-Techstars Ownership %	
5	Marjan Payan Tabari	5,000,000				5,000,000	50.00%	
6	Babak Kia Montazam	1,500,000				1,500,000	15.00%	
7	2023 Stock Incentive Plan			3,500,000		3,500,000	35.00%	
8	Total	6,500,000	-	3,500,000	-	10,000,000	100.00%	

Re: BUMMOCK AI INC. - Techstars Investment Letter Agreement

Ladies and Gentlemen:

This Investment Letter Agreement (the “**Agreement**”) confirms our agreement in connection with the investment by **TECHSTARS ACCELERATOR INVESTMENTS 2021 LLC** (together with its Affiliates, as defined below, “**Techstars**”) in **BUMMOCK AI INC.**, a Delaware corporation (including its Affiliates, the “**Company**”), such investments, together with any other shares of capital stock of the Company now held or hereafter acquired by Techstars (the “**Shares**”), in accordance with those certain investment agreements entered into in connection with the Techstars Program (defined below), dated on or about the date hereof, and as amended and/or restated from time to time (the “**Investment Agreement(s)**”).

For purposes of this Agreement, “**Affiliate**” means, with respect to any specified entity, any other entity who, directly or indirectly, controls, is controlled by, or is under common control with such entity, including, without limitation, any general partner, managing member, officer, or director of such entity, or any venture capital fund now or hereafter existing which is controlled by one or more general partners or managing members of, or shares the same management company with, such entity.

All information delivered to Techstars pursuant to this Agreement shall be delivered by electronic mail to updates@techstars.com (the subject line of the email shall contain the full legal name of the Company). Additional provisions related to this Agreement are set forth in **EXHIBIT A** attached hereto, which is incorporated by reference.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed and delivered as of the day and year first written above.

**TECHSTARS ACCELERATOR INVESTMENTS
2021 LLC**

By: Techstars Accelerator GP 2021, LLC, its
Manager

BUMMOCK AI INC.

By: _____

Name: Jason Seats

Title: Chief Investment Officer

Address: 4845 Pearl East Cir Ste 118 PMB
99696
Boulder, CO 80301

Email: legal@techstars.com

By: _____



Name: Marjan Tabari

Title: CEO

Address: 5 Walpole St # 486
Dover, Massachusetts 02030

Email: marjan@bummock.ai

EXHIBIT A

TERMS AND AGREEMENTS

1. Information Rights. So long as Techstars holds any entitlement to the Shares, or any of the Shares are outstanding, the Company shall furnish to Techstars when available:

(a) quarterly, or if not available quarterly then at least annually, a summary of key operating metrics, cash position, revenue, burn rate and runway for the Company;

(b) quarterly, or if not available quarterly then at least annually, financial statements for the Company, including (i) a balance sheet as of the end of such quarter or year; (ii) statements of income and of cash flows for such quarter or year; and (iii) a statement of stockholders' equity as of the end of such quarter or year, all prepared in accordance with generally accepted accounting principles and practices;

(c) a current capitalization table showing (i) each shareholder's equity and voting interest (A) in each class of stock, and (B) in total (in the case of each of clauses (A) and (B), calculated based on equity issued and outstanding as well as on a fully diluted basis); and (ii) the exercise price/fair value for options or other outstanding equity awards and price per share information for any other equity transactions, including issuances, sales, repurchases, and redemptions and such information shall be provided (1) through an electronic equity management platform used by the Company (e.g., Carta, LTSE Equity, Ledgy), or (2) promptly following a written request by Techstars; and (3) as soon as practicable following any sale or offer of New Securities (defined below); and

(d) such information relating to the Company as requested by Techstars that is reasonably required for Techstars to prepare or file any tax return or to prepare such filings with respect to the Company as may be required by any tax authority, and any information requested by Techstars in order to determine the Company is not a "passive foreign investment company" as such term is defined in Section 1297 of the United States Internal Revenue Code of 1986 as amended (the "**Code**").

If the Company has audited records of any of the foregoing, it shall provide those in lieu of the unaudited versions.

2. CFIUS Matters.

(a) **Information and Governance Rights.** Notwithstanding anything to the contrary contained in any Investment Agreement or any Company Agreement (defined below), Techstars and the Company agree that Techstars shall not be afforded any of the following within the meaning of the United States Defense Production Act of 1950, as amended, including any implementing regulations thereof (the "**DPA**"):

(i) "control" of the Company;

(ii) access to any "material nonpublic technical information" in the possession of the Company;

(iii) membership or the right to nominate an individual to a position on, the board of directors or equivalent governing body of the Company; or

(iv) any "involvement," other than through the voting of shares, in "substantive decision making" by the Company regarding: (A) the use, development, acquisition, safekeeping, or release of "sensitive personal data" of U.S. citizens maintained or collected by the Company; (B) the use, development, acquisition, or release of any "critical technology"; or (C) the management, operation, manufacture, or supply of "covered investment critical infrastructure."

(b) To the extent that any term in any Investment Agreement or Company Agreement would afford any of the foregoing to Techstars contrary to the intent of Techstars and the Company as expressed herein, such term shall have no effect.

(c) **Information and Inspection Rights.** For the avoidance of doubt, any information and/or inspection rights afforded to Techstars shall not include access to material nonpublic technical information in the Company's possession nor any involvement in substantive decision making with respect to the matters listed in Section 2(a)(iv) hereof.

(d) **Exclusion Rights.** The Company shall have and shall exercise the right to (i) exclude Techstars from access to any information, facilities, or properties of the Company or any its subsidiaries, and (ii) prohibit Techstars from engaging in discussions and communications with any Company personnel and any personnel of any Company subsidiary if the Company determines in its sole discretion that such exclusion is necessary or appropriate to enforce the limitations in Sections 2(a) and 2(b) hereof.

3. **Pro Rata Rights.**

(a) Subject to applicable securities laws, Techstars shall have an assignable preemptive right to purchase its *pro rata* share of all equity securities of the Company, whether or not currently authorized, as well as rights, options, or warrants to purchase such equity securities, or securities of any type whatsoever that are, or may become, convertible or exchangeable into or exercisable for such equity securities ("**New Securities**") that the Company may, from time to time, propose to sell and issue after the date of this Agreement. Notwithstanding the foregoing, New Securities shall not include offers of (a) securities issued as a dividend or distribution, stock split or as part of recapitalization or similar restructuring, (b) securities issued to employees, directors, consultants or advisors pursuant to a plan approved by the Company's Board of Directors, (c) securities issued upon the conversion or exchange of convertible securities pursuant to the terms of such convertible securities, and (d) any securities issued pursuant to any equipment loan or leasing arrangement, real property leasing arrangement, or debt financing from a bank or similar financial or lending institution approved by the board of directors.

(b) Techstars' *pro rata* share is equal to the ratio of (a) the aggregate number of Shares (on an as-converted basis) that Techstars is deemed to be a holder of immediately prior to the issuance of such New Securities to (b) the total number of outstanding shares of the Company immediately prior to the issuance of the New Securities calculated on a fully diluted basis (assuming conversion of all convertible securities and exercise of all outstanding options, warrants, phantom stock, stock appreciation rights, and other rights to acquire capital stock of the Company, including any shares reserved and available for future grant under any equity incentive or similar plan of the Company but excluding shares issuable upon the conversion of any convertible debt or equity instruments or exercisable securities issued for capital raising purposes (e.g., Simple Agreements for Future Equity) other than shares issuable upon conversion of any convertible securities held by Techstars.

(c) The Company shall provide Techstars notice of its intention to sell or offer any New Securities of the Company at least 20 days prior to the consummation of any such sale or offer. Such notice shall state (i) the Company's bona fide intention to sell or offer such New Securities, (ii) the number of such New Securities to be offered, and (iii) the price and terms, if any, upon which it proposes to offer such New Securities.

(d) The preemptive rights established by this Section 3 shall terminate upon the earlier of (a) the grant to Techstars of preemptive rights issued in connection with an issuance of New Securities that are the same or substantially similar to the preemptive rights established by this Section 3, (b) the effective date of the registration statement pertaining to the Company's initial public offering that results in the preferred stock being converted into common stock, and (c) an acquisition in which the stockholders of the Company receive cash or unrestricted securities that are actively traded on an internationally recognized securities exchange or the Nasdaq Market, or a combination thereof.

4. **Subsequent Company Agreements.** In connection with subsequent equity financings, Techstars agrees to execute and deliver to the Company any documentation reasonably required by the Company, including without

limitation customary investors' rights agreement, voting agreement, right of first refusal and co-sale agreement, and/or any other agreement entered into in connection with the sale or offer of New Securities (each such agreement, a "**Company Agreement**"). For the avoidance of doubt and notwithstanding anything to the contrary herein or in the Investment Agreement(s), Techstars shall not be bound by or subject to any term in any Company Agreement that would:

(a) impose on Techstars any obligations that would specifically conflict with those set forth in this Agreement or the Investment Agreements;

(b) impose rights of first offer, rights of first refusal, co-sale, tag-along, or other similar limitations on transfer on any shares of common stock (or an equivalent equity security) held by Techstars or any of its Affiliates, unless such limitations on transfer are generally applicable to all other Company shares;

(c) in any way, directly or indirectly, restrict, limit, impair or restrain, or impose any requirement in respect of, the conduct and operation of the businesses of Techstars, or permit any restriction, limitation, impairment or restraint on, or the imposition of any requirement in respect of, the conduct and operation of the businesses of Techstars; or

(d) subject the Shares to a drag-along right or obligation to sell, unless;

(i) any representations and warranties to be made by Techstars in the proposed sale are limited to representations and warranties related to authority, ownership and the ability to convey title to such Shares, including, but not limited to, representations and warranties that (i) Techstars holds all right, title and interest in and to the Shares Techstars purports to hold, free and clear of all liens and encumbrances, (ii) the obligations of Techstars in connection with the transaction have been duly authorized, if applicable, (iii) the documents to be entered into by Techstars have been duly executed and delivered to the acquirer and are enforceable (subject to customary limitations) against Techstars in accordance with their respective terms; and (iv) neither the execution and delivery of documents to be entered into by Techstars in connection with the transaction, nor the performance of Techstars' obligations thereunder, will cause a breach or violation of the terms of any agreement to which Techstars is a party, or any law or judgment, order or decree of any court or governmental agency that applies to Techstars;

(ii) Techstars is not required to agree to any restrictive covenant in connection with the proposed sale (including without limitation any covenant not to compete or covenant not to solicit customers, employees or suppliers of any party to the proposed sale);

(iii) Techstars is not required to amend, extend or terminate any contractual or other relationship with the Company, the acquirer or their respective Affiliates, except that Techstars may be required to agree to terminate the investment-related documents between or among Techstars, the Company and/or other stockholders of the Company;

(iv) Techstars is not liable for the breach of any representation, warranty or covenant made by any other person in connection with the proposed sale, other than the Company (except to the extent that funds may be paid out of an escrow established to cover breach of representations, warranties and covenants of the Company as well as breach by any stockholder of any of identical representations, warranties and covenants provided by all stockholders); and

(v) liability shall be limited to Techstars' applicable share (determined based on the respective proceeds payable to each stockholder in connection with such proposed sale in accordance with the provisions of the Amended and Restated Certificate of Incorporation of the Company) of a negotiated aggregate indemnification amount that applies equally to all stockholders but that in no event exceeds the amount of consideration otherwise payable to such stockholder in connection with such proposed sale, except with respect to claims related to fraud by such stockholder, the liability for which need not be limited as to such stockholder.

5. Competitor Status. Techstars shall not be deemed to be a “competitor” for purposes of any Company Agreement based solely on the fact that it maintains investments or invests in competitive companies, or because its members, partners, officers, or other Affiliates serve as directors of competitive companies.

6. Right to Conduct Activities. The Company hereby agrees and acknowledges that Techstars is a professional investment organization, and as such reviews the business plans and related proprietary information of many enterprises, some of which may compete directly or indirectly with the Company's business (as currently conducted or as proposed to be conducted). The Company hereby agrees that, to the extent permitted under applicable law, Techstars shall not be liable to the Company for any claim arising out of, or based upon, (i) the investment by Techstars in any entity competitive with the Company, or (ii) actions taken by any partner, officer, employee or other representative of Techstars to assist any such competitive company, whether or not such action was taken as a member of the board of directors of such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company; provided, however, that the foregoing shall not relieve (x) Techstars from liability associated with the unauthorized disclosure of the Company's confidential information obtained pursuant to this Agreement, or (y) any director or officer of the Company from any liability associated with his or her fiduciary duties to the Company.

7. Qualified Small Business Stock. If the Company is organized in the United States, as of and immediately following the closing of the issuance and sale of the Shares: (i) the Company will be an eligible corporation as defined in Section 1202(e)(4) of the Code, (ii) the Company will not have made purchases of its own securities described in Code Section 1202(c)(3)(B) during the one (1) year period preceding the closing, except for purchases that are disregarded for such purposes under Treasury Regulation Section 1.1202-2, and (iii) the Company's aggregate gross assets, as defined by Code Section 1202(d)(2), at no time between its incorporation and through the closing have exceeded \$50 million, taking into account the assets of any corporations required to be aggregated with the Company in accordance with Code Section 1202(d)(3); provided, however, that in no event shall the Company be liable to Techstars or any other party for any damages arising from any subsequently proven or identified error in the Company's determination with respect to the applicability or interpretation of Code Section 1202, unless such determination shall have been given by the Company in a manner either grossly negligent or fraudulent.

8. PFIC. The Company warrants that it will not be, with respect to its taxable year during which the issuance of Shares to Techstars or New Securities occurs, a passive foreign investment company (a “**PFIC**”) as defined in Section 1297 of the Code. In addition, the Company shall use commercially reasonable efforts to avoid becoming a PFIC. If the Company becomes a PFIC, or if there is a likelihood of the Company being a PFIC for any taxable year, the Company shall promptly notify Techstars of such status or risk, as the case may be. In the event (x) the Company becomes a PFIC, (y) a “Qualified Electing Fund” election is made by Techstars pursuant to Section 1295 of the Code or (z) a “Protective Statement” is filed by Techstars pursuant to Treasury Regulation Section 1.1295-3, as amended (or any successor thereto), the Company shall, within 30 days following the end of each taxable year, provide Techstars with a complete and accurate PFIC Annual Information Statement. The Company also will permit Techstars to inspect and copy the Company's permanent books of account, records, and such other Company documents as are necessary to establish that the Company's ordinary earnings and net capital gain are computed in accordance with applicable income tax principles.

9. Waiver and Amendments; Assignment. Any provision of this Agreement may be amended, waived or modified pursuant to a written document executed by Techstars and the Company expressly referencing the change to this Agreement. Neither this Agreement nor the rights contained herein may be assigned, by operation of law or otherwise, by either party without the prior written consent of the other party; provided, however, that this Agreement and/or the rights contained herein may be assigned without the Company's consent by Techstars to any Affiliate of Techstars, or in connection with any merger, reorganization, sale of all or substantially all of its assets or any similar transaction. Subject to this limitation, this Agreement will be binding upon, inure to the benefit of, and be enforceable by the parties and their respective successors and assigns.

10. Termination; Survival. This Agreement may only be terminated pursuant to a written document executed by Techstars and the Company expressly referencing the termination of this Agreement. To the extent

any provision contained in this Agreement conflicts with a provision in any other Company Agreement, the provisions of this Agreement shall govern and control.

11. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

12. Governing Law; Counterparts. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of law. The parties agree that any action brought by either party to interpret or enforce any provision of this Agreement shall be brought in, and each party agrees to, and does hereby, submit to the jurisdiction and venue of the State of Delaware. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may also be executed and delivered by facsimile signature, PDF or any electronic signature complying the U.S. federal ESIGN Act of 2000 (e.g., www.docusign.com).

Title	Bummock AI Inc. - US - 2023 Convertible Equity Agreement and...
File name	content
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08 / 09 / 2023

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